

June 29, 2020

To All Concerned Parties

Name of REIT Issuer:
CRE Logistics REIT, Inc.
2-10-1, Toranomom, Minato-ku, Tokyo, Japan
Tsuyoshi Ito, Executive Director
(TSE Code: 3487)
Asset Management Company
CRE REIT Advisers, Inc.
Tsuyoshi Ito, President
Person of Contact:
Hirohisa Toda, Head of Corporate Planning
Tel: +81-3-5575-3600

Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

CRE Logistics REIT, Inc. (hereinafter, “CRE REIT”) hereby announces that a resolution was passed at its Board of Directors’ Meeting held on June 29, 2020 to issue new investment units and conduct a secondary offering of investment units as follows.

1. Issuance of new investment units through public offering (primary offering)

- | | | |
|-----|--|------------------|
| (1) | Number of investment units to be offered | 72,750 units |
| (2) | Amount to be paid in (issue amount per unit) | To be determined |

The issue amount shall be determined at the Board of Directors’ Meeting to be held on a date between Tuesday, July 7, 2020 and Friday, July 10, 2020 (hereinafter, “Issue Price Determination Date”).

- | | | |
|-----|---|------------------|
| (3) | Total amount to be paid in (total issue amount) | To be determined |
| (4) | Issue price (offer price per unit) | To be determined |

The issue price (offer price) shall be determined by using, as a provisional condition, the amount obtained by multiplying the closing price of the investment units of CRE REIT (hereafter, “Investment Units of CRE REIT”) in an ordinary transaction on Tokyo Stock Exchange Inc. (hereinafter, the “TSE”) on the Issue Price Determination Date (or the immediately preceding date, if no closing price on that day) by 0.90-1.00 (rounding down to the nearest yen), and by taking into consideration demand conditions and other factors.

- | | | |
|-----|---|------------------|
| (5) | Total amount of issue price (total offer price) | To be determined |
|-----|---|------------------|

- | | | |
|-----|-----------------|---|
| (6) | Offering method | This shall be a primary offering. All investment units for the primary offering shall be purchased and underwritten by an underwriting syndicate whose co-lead managing underwriters (collectively, the “Co-lead Managers”) shall be SMBC Nikko Securities Inc. and Nomura Securities Co., Ltd. (collectively, the “Underwriters”). The Underwriters, other than the Co-lead Managers, shall be Mizuho Securities Co., Ltd., Daiwa Securities Co. Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |
|-----|-----------------|---|

- | | | |
|-----|------------------------|---|
| (7) | Underwriting agreement | The Underwriters shall pay to CRE REIT the total amount to be paid (total issue amount) for this offering on the date stated in (10) below, and the difference between the total amount to be paid in (total issue amount) and the total amount of issue price (total offer price) shall be the proceeds of the Underwriters. CRE |
|-----|------------------------|---|

- REIT will not pay an underwriting commission to the Underwriters.
- (8) Unit of subscription One (1) unit or more in multiples of one (1) unit
 - (9) Period for subscription Between the 1st and 2nd business days following the Issue Price Determination Date
 - (10) Payment date Payment date shall be a date within the period from Monday, July 13, 2020 to Thursday, July 16, 2020. However, the date shall be four business days after the Issue Price Determination Date.
 - (11) Delivery and settlement date Business day immediately following the payment date
 - (12) The amount to be paid in (issue amount), issue price (offer price), and other matters necessary for the issuance of new investment units will be determined at the Board of Directors' Meeting to be held hereafter.
 - (13) The aforementioned items are subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.
2. Secondary offering of investment units (through over-allotment) (Refer to 1. Secondary offering through over-allotment, etc. below.)
- (1) Number of units to be offered 7,500 units
 The number of investment units to be offered above is the maximum number of investment units to be offered in the secondary offering through over-allotment by SMBC Nikko Securities Inc., the book runner for the primary offering, separately from the primary offering, after taking into consideration demand conditions and other factors concerning the primary offering. The number of investment units to be offered above may be reduced, or the offering through over-allotment itself may be canceled, depending on demand conditions and other factors concerning the primary offering. The number of investment units to be offered will be determined at the Board of Directors' Meeting held on the Issue Price Determination Date after taking into consideration demand conditions and other factors concerning the primary offering.
 - (2) Seller SMBC Nikko Securities Inc.
 - (3) Offer price To be determined
 To be determined at the Board of Directors' Meeting held on the Issue Price Determination Date. The offer price will be the same as the issue price (offer price) for the primary offering.
 - (4) Total amount of offer price To be determined
 - (5) Offering method Separately from the primary offering, SMBC Nikko Securities Inc., the book runner for the primary offering, shall carry out the secondary offering of the Investment Units of CRE REIT (hereinafter "Borrowed Investment Units") borrowed from CRE, Inc. (hereinafter "CRE"), the maximum number of which shall be 7,500, after taking into consideration demand conditions and other factors concerning the primary offering.
 - (6) Unit of subscription One (1) unit or more in multiples of one (1) unit
 - (7) Period for subscription It shall be the same period of subscription as the primary offering date.
 - (8) Delivery and settlement date The same day as the delivery and settlement date for the primary offering.
 - (9) The offer price and other matters necessary for this secondary offering of investment units will be determined at the Board of Directors' Meeting to be held hereafter.
 - (10) The aforementioned items are subject to the effectiveness of the Securities Registration Statement in

accordance with the Financial Instruments and Exchange Act.

3. Issuance of new investment units through private placement (the “Private Placement”) (Refer to 1. Secondary offering through over-allotment, etc. below.)
 - (1) Number of investment units to be offered 3,500 units
 - (2) Amount to be paid in (issue amount per unit) To be determined
To be determined at the Board of Directors’ Meeting held on the Issue Price Determination Date. The amount to be paid in (issue amount) shall be the same as the amount to be paid in (issue amount) of the primary offering.
 - (3) Total amount to be paid in (total issue amount) To be determined
 - (4) Allottee and number of investment units to be allotted
SMBC Nikko Securities Inc.: 3,500 units
 - (5) Unit of subscription One (1) unit or more in multiples of one (1) unit
 - (6) Period for subscription Tuesday, August 11, 2020
(application date)
 - (7) Payment date Wednesday, August 12, 2020
 - (8) Investment units for which no application for subscription has been made during the application period (by the application date) mentioned in (6) above shall not be issued.
 - (9) The amount to be paid in (issue amount) and other matters necessary for the issuance of new investment units through the private placement (hereinafter, “Private Placement”) shall be determined at the Board of Directors’ Meeting to be held hereafter.
 - (10) If the issuance of new investment units through the primary offering is canceled, the issuance of new investment units through the Private Placement shall also be canceled.
 - (11) The aforementioned items are subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.

<Reference>

1. Secondary offering through over-allotment, etc.

Upon the primary offering, taking the demand conditions and other factors into consideration, separately from the primary offering, SMBC Nikko Securities Inc., the book runner for the primary offering, may offer the Investment Units of CRE REIT borrowed from CRE, up to a maximum of 7,500 units (secondary offering through over-allotment). Although the number of investment units offered through over-allotment is scheduled to be 7,500 units, this represents the maximum number of units to be offered. It may be fewer depending upon the demand conditions and other factors, or no offering through over-allotment could be made.

In connection with the secondary offering through over-allotment, for the purpose of allowing SMBC Nikko Securities Inc. to acquire the Investment Units of CRE REIT required for returning a part of the Borrowed Investment Units, CRE REIT resolved at its Board of Directors' Meeting held on Monday, June 29, 2020 to issue 3,500 Investment Units of CRE REIT by way of the Private Placement to SMBC Nikko Securities Inc., the allottee, with Wednesday, August 12, 2020 as the payment date.

Similarly, in connection with the secondary offering through over-allotment, SMBC Nikko Securities Inc. shall be granted the right to purchase additional Investment Units of CRE REIT (hereinafter, “Greenshoe Option”) from CRE up to 4,000 units at the same price as the offer price of the primary offering for the purpose of returning part of the Borrowed Investment Units, with Friday, August 7, 2020 as the deadline to exercise the Greenshoe Option.

Moreover, SMBC Nikko Securities Inc. may purchase Investment Units of CRE REIT on the TSE up to the maximum number to be sold by the secondary offering through over-allotment (hereinafter, “Syndicate Cover Transactions”) during the period between the day immediately following the last day of the application period of the primary offering and secondary offering through over-allotment and Friday, August 7, 2020 (hereinafter,

“the Syndicate Cover Transaction Period) for the purpose of returning the Borrowed Investment Units. All Investment Units of CRE REIT purchased by SMBC Nikko Securities Inc. through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. At its own discretion during the Syndicate Cover Transaction Period, SMBC Nikko Securities Inc. may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units to be sold by the secondary offering through over-allotment.

In addition, in connection with the primary offering and secondary offering through over-allotment, SMBC Nikko Securities Inc. may conduct a stabilizing transaction and allocate all or some of the Investment Units of CRE REIT purchased through the above stabilizing transaction to return the Borrowed Investment Units.

SMBC Nikko Securities Inc. plans to acquire from CRE the Investment Units of CRE REIT by exercising the Greenshoe Option, with respect to the number of units remaining after subtracting the aggregate number of units purchased through the stabilizing transaction and the Syndicate Cover Transactions to return the Borrowed Investment Units from the number of units to be sold by the secondary offering through over-allotment. If a shortfall arises, SMBC Nikko Securities Inc. plans to acquire the Investment Units of CRE REIT by responding to the allotment through the Private Placement for the shortfall. For this reason, it is possible that applications may not be filed for the number of the investment units issued through the Private Placement, in whole or in part, and as a result, the final number of the investment units issued in the Private Placement may decrease to that extent or the issuance itself may not take place due to forfeiture.

On the Issue Price Determination Date, it shall be determined whether secondary offering through over-allotment will be made, and how many investment units will be sold if such offering is made. If the secondary offering through over-allotment is not exercised, SMBC Nikko Securities Inc. shall not borrow the Investment Units of CRE REIT from CRE. Therefore, the Greenshoe Option shall not be granted from CRE to SMBC Nikko Securities Inc., and SMBC Nikko Securities Inc. shall not respond to the allotment through the Private Placement and not make an application. As a result, the issuance of new investment units through the Private Placement shall not take place due to forfeiture. In addition, no syndicate cover transactions on the TSE would be conducted.

The above transactions shall be conducted by SMBC Nikko Securities Inc. in consultation with Nomura Securities Co., Ltd.

2. Total number of investment units issued and outstanding after the new issuance

Total number of investment units outstanding at present	347,250 units	
Increase in number of investment units by primary offering	72,750 units	
Total number of investment units outstanding after primary offering	420,000 units	
Number of new investment units to increase due to the issuance of new investment units through the Private Placement	3,500 units	(Note)
Total number of investment units outstanding after the issuance of new investment units through the Private Placement	423,500 units	(Note)

(Note) These figures represent the number of investment units when subscription is made by SMBC Nikko Securities Inc. for all of the investment units offered in the Private Placement and they are issued.

3. Objective of and reason for the issuance

By acquiring relatively new properties with high occupancy rates in good locations that have been developed by the sponsor at an appropriate price in a timely manner, CRE REIT aims to form a quality portfolio that contributes to long-term, stable investment management in order to provide unitholders with good investment opportunities. The acquisition of the assets (hereinafter, the “Assets to be Acquired”) announced as of June 29, 2020 in the “Notice Concerning Acquisition of Domestic Trust Beneficial Interests in Real Estate and Leasing Thereof”, meets the investment standards of CRE REIT.

In considering the acquisition of the Assets to be Acquired, CRE REIT decided to conduct the issuance of the new investment units by taking into consideration the level of distribution per unit, the level of NAV per unit, LTV, market trend and other factors.

4. Total amount to be procured, use of proceeds, and scheduled outlay period

(1) Total amount to be procured (approximate net proceeds)

10,141,000,000 yen (maximum)

(Note) The abovementioned amount represents the total sum of 9,676,000,000 yen in net proceeds from the primary offering, and 465,000,000 yen in maximum net proceeds from the issuance of new investment units through the Private Placement. In addition, the abovementioned amount is estimated based on the closing price of the Investment Units of CRE REIT in an ordinary transaction on the TSE as of Friday, June 12, 2020.

(2) Specific use of proceeds and scheduled outlay period

The net proceeds from the primary offering (9,676,000,000 yen) will be allocated for partial financing to obtain the Assets to be Acquired. The maximum net proceeds from the issuance of new investment units through the Private Placement (465,000,000 yen), which was resolved on the same date as the primary offering, will be used to fund the repayment of part of the borrowings or part of future acquisitions of specified assets.

(Note) The amount to be procured will be deposited into accounts with financial institutions until the expenditure is made.

5. Designation of distributees

Not applicable.

6. Operating forecasts

Please refer to “Notice Concerning Revisions to Operating Results Forecast for the Fiscal Period Ending December 31, 2020 and Disclosure of Operating Results Forecast for the Fiscal Period Ending June 30, 2021” released publicly today.

7. Status of operation and equity finance in the last three fiscal periods

(1) State of operation in the last three fiscal periods

	Dec. 2018 (5th period)	Jun. 2019 (6th period)	Dec. 2019 (7th period)
Net income per unit (Note 1)	¥2,978	¥2,580	¥2,670
Distributions per unit	¥3,351	¥2,952	¥3,012
Earning distributions per unit	¥2,979	¥2,580	¥2,647
Surplus distributions per unit	¥372	¥372	¥365
Actual dividend payout ratio (Note 2)	100.0%	100.0%	100.0%
Net assets per unit	¥106,940	¥106,169	¥107,005

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the fiscal period.

(Note 2) Actual dividend payout ratio = Total distribution amount (excluding surplus distributions per unit) / net income × 100

(2) State of recent prices of investment unit

(i) State in the last three fiscal periods

	Dec. 2018 (5th period)	Jun. 2019 (6th period)	Dec. 2019 (7th period)
Opening	¥111,800	¥100,400	¥114,600
High price	¥112,400	¥121,000	¥146,100
Low price	¥95,500	¥98,700	¥114,500
Closing	¥99,500	¥114,800	¥133,700

(ii) State in the last six months

	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020	May 2020	Jun. 2020
Openin	¥132,900	¥145,200	¥127,500	¥124,000	¥142,600	¥154,300
High	¥148,200	¥148,300	¥139,200	¥145,800	¥155,000	¥156,000
Low	¥132,400	¥129,600	¥82,000	¥114,900	¥141,500	¥138,600
Closin	¥146,300	¥130,500	¥124,000	¥144,100	¥155,000	¥151,200

(Note) The prices of the investment units in June 2020 are those as of Friday, June 26, 2020.

(iii) The prices of the investment units on the business day before the issuance determination date.

	June 26, 2020
Opening	¥150,500
High price	¥152,000
Low price	¥148,800
Closing	¥151,200

(3) State of equity finance in the last three fiscal periods

1. Capital increase through public offering

Issuance date	July 16, 2019
Amount of procurement fund	¥3,196,094,000
Amount paid in (issuance price)	¥113,740
Total number of outstanding investment	231,150 units
Number of investment units issued upon	28,100 units
Total number of outstanding investment	259,250 units
Initial use of funds upon issuance	Allocated them for partial financing to
Planned disbursement period upon	July 2019
State of allocation as of today	The full amount was allocated during the

2. Capital increase through public offering

Issuance date	January 21, 2020
Amount of procurement fund	¥12,118,392,000
Amount paid in (issuance price)	¥137,709
Total number of outstanding investment	259,250 units
Number of investment units issued upon	88,000 units
Total number of outstanding investment	347,250 units
Initial use of funds upon issuance	Allocated them for partial financing to
Planned disbursement period upon	Feb. 2020
State of allocation as of today	The full amount was allocated during the

8. Limitations on sales and additional issues of investment units

- (1) Tsuyoshi Ito, Executive Officer of CRE REIT and President of CRE REIT Advisers, Inc. (hereinafter “the Asset Management Company”) and Tadahide Kameyama, President of CRE and Director of the Asset Management Company, agree with the Co-lead Managers, upon the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to 180 days after the delivery and settlement date for the primary offering without the prior written consent of the Co-lead Managers.

In the above case, the Co-lead Managers have the authority to cancel said restriction in part or in whole or to shorten the restriction period at their own discretion.

- (2) Kyobashi Kousan, Inc., the largest shareholder of CRE, agrees with the Co-lead Managers, upon the

primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of the Co-lead Managers.

In the above case, the Co-lead Managers have the authority to cancel said restriction in part or in whole or shorten the restriction period at their own discretion.

- (3) CRE agrees with the Co-lead Managers, upon the primary offering, not to sell the Investment Units of CRE REIT (excluding loans of the Investment Units of CRE REIT to SMBC Nikko Securities Inc. in connection with the secondary offering through over-allotment and sales of the Investment Units of CRE REIT to SMBC Nikko Securities Inc. in connection with the exercise of Greenshoe Option) during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of the Co-lead Managers.

In the above case, the Co-lead Managers have the authority to cancel said restriction in part or in whole or to shorten the restriction period at their own discretion.

- (4) CRE REIT agrees with the Co-lead Managers, upon the primary offering, not to issue the Investment Units of CRE REIT (excluding, however, issuance, etc. of Investment Units of CRE REIT in the case of the Private Placement and a unit split) during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of the Co-lead Managers.

In the above case, the Co-lead Managers have the authority to cancel said restriction in part or in whole or to shorten the restriction period at their own discretion.

* CRE Logistic REIT, Inc. website: <https://cre-reit.co.jp/en/>